Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 PARAMA 00720 191352Z
ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-10
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C O N F I D E N T I A L PARAMARIBO 720

E.O. 11652: GDS
TAGS: EAID NS NL
SUBJ: NETHERLANDS-SURINAM AID COOPERATION GETS BOOST

1. TENTH MEETING OF NETHERLANDS-SURINAM COMMITTEE FOR DEVELOP-
MENT COOPERATION (CONS), HELD IN THE HAGUE MAY 8-12 HAS
GIVEN A RENEWED BOOST TO THE DUTCH-FIANCED AID PROGRAM IN
SURINAM BY APPROVING 1978 BUDGETS FOR ITSELF AND SURINAM'S
PLANNING BUREAU AS WELL AS A LARGE NUMBER OF PROJECTS WITH A
TOTAL COST OF SF. 250 MILLION ($141 MILLION), ACCORDING TO
ONE PRESS ESTIMATE. THE APPROVED PLANS INCLUDE A 5,000 HECTARE
OIL PALM PROJECT AT PATTAMACCA IN EASTERN SURINAM, A DAIRY
CATTLE PROJECT, A NUMBER OF NEW SCHOOLS AND OTHER EDUCATIONAL
PROJECTS, CONTINUED PREPARATION FOR A NATIONAL HEALTH
INSURANCE, ML PUBLIC HOUSING, AND SF. 20 MILLION ($11 MILLION)
FOR PRIVATE SOCIAL AND EDUCATIONAL PROJECTS.

2. THE CONS ALSO INDICATED ITS READINESS TO APPROVE THE
BUILDING OF AN IRRIGATION CANAL ALONG THE CORANTIJN
RIVER IN WESTERN SURINAM WHICH WOULD BRING WATER FROM THE
CORANTIJN TO THE RICE GROWING AREAS ALONG THE NORTHWEST
COAST. THE MEETING EXPRESSED ITS CONCURRENCE WITH CARRYING
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PAGE 02 PARAMA 00720 191352Z

OUT THE ENTIRE FIRST PHASE OF THE PROJECT (WHICH WILL IRRIGATE
OVER 26,000 HECTARES OF LAND) ON CONDITION THAT THE REQUIRED
WORKING GROUP REPORT IS SUBMITTED, A FURTHER PROFITABILITY
STUDY IS COMPLETED AND APPROPRIATE FINANCING ARRANGEMENTS ARE
WORKED OUT BY THE GOS (SEE PARAMARIBO A-04 FOR MORE INFORMATION
ON THIS PROJECT AND ITS RELATION TO OVERALL DEVELOPMENT
PLANS FOR WEST SURINAM.)

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

3. SIMULTANEOUSLY WITH REPORTS OF PROGRESS BEING MADE AT THE TENTH CONS MEETING, THE GOS ANNOUNCED THAT IT HAS OBTAINED A LOAN OF NF. 50 MILLION ($23 MILLION) FROM THE ALGEMENE BANK NEDERLAND (ABN) TO FINANCE ITS ONE-QUARTER SHARE OF THE COSTS OF BUILDING THE RAILROAD CURRENTLY UNDER CONSTRUCTION IN WEST SURINAM. ACCORDING TO AN OFFICIAL GOS RELEASE, PROVISIONS OF THE LOAN ARE AS FOLLOWS: TERM-20 YEARS WITH NO PAYMENTS DUE FOR THE FIRST FIVE YEARS; TO BE REPAID IN THIRTY SEMI-ANNUAL INSTALLMENTS BEGINNING AT THE END OF 1983; INTEREST-SEVEN AND ONE QUARTER PERCENT PER ANNUM; PAYMENT GUARANTEED BY THE GOVERNMENT OF THE NETHERLANDS, AS PROVIDED FOR IN THE DEVELOPMENT COOPERATION AGREEMENT SIGNED BETWEEN SURINAM AND THE NETHERLANDS AT THE TIME OF SURINAMS'S INDEPENDENCE IN 1975. OTHER PRESS REPORTS INDICATE THAT BESIDE THE ABN, THE AMROBANK AND THE BANK OF AMERICA ALSO EXPRESSED INTEREST IN LENDING THE REQUIRED FUNDS, THE FIRST INTERNATIONAL BORROWING BY THE GOS SINCE INDEPENDENCE.

3. COMMENT: WITH THE COMPLETION OF THE WEST SURINAM RAIL-ROAD, WHICH IS MAINLY DESIGNED TO TRANSPORT BAUXITE FROM THE BAKHUYS MINES TO BE DEVELOPED IN THE FUTURE, APPARENTLY NOW FINANCIALLY SECURE AND WITH THE RENEWED WILLINGNESS OF THE CONS TO SANCTION MAJOR GOS DEVELOPMENT PROJECTS, GOS DEVELOPMENT POLICY HAS BEEN GIVEN A FRESH VOTE OF CONFIDENCE
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BY ITS DUTCH BENEFACTORS. THE STAKE OF BOTH PARTNERS IS TOO GREAT TO HAVE PERMITTED INDEFINITE CONTINUATION OF THE STAG-NATION WHICH HAD CHARACTERIZED THE DEVELOPMENT PROGRAM SINCE THE BREAKDOWN OF THE NINTH CONS MEETING IN JANUARY, BUT WE CAN ALSO BE REASONABLY CONFIDENT THAT FRICTION BETWEEN THEN OVER THE ADMINISTRATION OF THE DUTCH DEVELOPMENT AID FUNDS IS NOT COMPLETELY A PHENOMENON OF THE PAST AND COULD GENERATE NEW CONTROVERSY AT SOME UNKNOWN TIME IN THE FUTURE.
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20 Mar 2014
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